

Message Text

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R 311026Z JAN 75
FM AMEMBASSY BELGRADE
TO INTERNATIONAL HARVESTOR EXPORT COMPANY
401 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60611
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E.O. 11652: N/A

TAGS: BDIS, YO

SUBJ: SPARE PARTS PROBLEM AT IPK OSIJEK

1. THE EMBASSY HAS RECEIVED COPIES OF THE TELEX SENT BY DIRECTOR GENERAL SPIKA OF IPK OSIJEK TO MR. MCCORMICK OF IHC, AND YOUR REPLY TO HIM. WE HAVE CONFERRED WITH UNIVERZAL WHICH CONFIRMED RECEIPT OF INVOICES FOR THE PARTS. WE ARE PLEASED THAT THE PARTS ARE ON THE WAY.
2. WE CALLED IPK OSIJEK TO REASSURE MR. SPIKA THAT IHC WAS CONCERNED ABOUT THE SITUATION AND WAS ATTEMPTING TO SOLVE THE PROBLEM. MR. SPIKA WAS NOT MOLLIFIED AND EXPRESSED IPK CONCERN ABOUT THE FOLLOWING.
3. DURING THE PAST FALL, MR. SPIKA STATED, THEIR IHC TRACTORS WERE DOWN 30 PERCENT OF THE TIME. THEY WERE PROVIDED LESS THAN 50 PERCENT OF THE NORMAL SPARE PARTS AND HAD ABOVE NORMAL NEEDS BECAUSE OF WEATHER CONDITIONS. CANNIBALIZATION KEPT SOME OF THE EQUIPMENT GOING BUT THEY RECEIVED LESS OUTPUT PER MACHINE THAN IF THEY HAD SMALL 60 H.P. TRACTORS. THEY HAVE ORDERED ADDITIONAL TRACTORS FROM WESTERN EUROPE WHERE THEY ARE ASSURED OF SPARE PARTS AND SERVICE. MR. SPIKA ASSERTED THAT IPK IS

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BEGINING TO REGRET HAVING ORDERED ADDITIONAL IHC TRACTORS

IN VIEW OF THE SERVICE PROBLEMS.

4. HE INDICATED THAT THESE PROBLEMS HAVE PUT THEIR DEVELOPMENT PROGRAM IN COOPERATION WITH CORN PRODUCTION SYSTEMS A YEAR BEHIND SCHEDULE. SUCH DELAYS, HE ADDED, WILL FRUSTRATE THEIR EFFORTS TO SELL THE SYSTEM TO OTHER KOMBINATS.

5. HE SEEMED SOMEWHAT HOPEFUL THAT CHANGES IN AND ADDITIONS TO UNIVERZAL'S DEPARTMENT FOR IHC WOULD ALLEVIATE SERVICING PROBLEMS. HOWEVER, HE SPOKE OF SEVERING THE AGREEMENT WITH CPS.

6. ALTHOUGH WE DON'T ANTICIPATE THIS DRASTIC ACTION, THE ATTITUDE OF IPK IS OF GREAT CONCERN. GIVEN THE INFLUENCE OF IPK AND YUGOSLAV INTEREST IN IPK-CPS VENTURE, THE SITUATION COULD WELL AFFECT HOW OTHER YUGOSLAV ENTERPRISES VIEW IHC.

7. UNIVERZAL KNOWS WE ARE COMMUNICATING WITH YOU, AND MR. ZIKIC WILL PROVIDE ADDITIONAL BACKGROUND WHEN HE VISITS CHICAGO NEXT WEEK. THE EMBASSY RECOMMENDS THAT YOU SEND AN IHC REPRESENTATIVE TO DEAL DIRECTLY WITH IPK OSIJEK IN RESOLVING THIS PROBLEM. EVEN IF, AS WE EXPECT, IHC RESOLVING SPARE PARTS SITUATION, VISIT BY YOUR REPRESENTATIVE WOULD HELP RESTORE GOOD RELATIONS BETWEEN IHC AND IPK. PERHAPS IT WOULD BE USEFUL TO CONFER WITH CPS IN THE U.S. PRIOR TO COMING TO YUGOSLAVIA. LET US KNOW WHETHER WE CAN ASSIST WITH THIS PROBLEM.

SINCERLY,

WILLIAM J. WALLER
COMMERCIAL ATTACHE
AMERICAN EMBASSY
BELGRADE, YUGOSLAVIA
TOON

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